

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Presubscribed Interexchange Carrier Charges)	CC Docket No. 02-53
)	CCB/CPD File No. 01-12
)	RM-10131
)	

COMMENTS

The National Exchange Carrier Association, Inc. (NECA) and the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) submit these joint comments in response to the Commission's *Notice of Proposed Rulemaking* in the above-captioned proceeding.¹

I. INTRODUCTION

In this *NPRM* the Commission grants the Competitive Telecommunications Association's (CompTel's) petition² and opens a review of the \$5 safe harbor within which a presubscribed interexchange carrier-change charge (PIC-change charge) is

¹ Presubscribed Interexchange Carrier Charges, CC Docket No. 02-53, CCB/CPD File No. 01-12, RM-10131, *Order and Notice of Proposed Rulemaking*, 17 FCC Rcd 5568 (2002) (*NPRM*).

² Petition for Rulemaking Regarding Presubscribed Interexchange Carrier Charges, Competitive Telecommunications Association Petition for Rulemaking (filed May 16, 2001) (*Petition*). The *Petition* requests that the Commission initiate a rulemaking proceeding to examine presubscribed interexchange carrier-change charges.

currently considered reasonable.³ The Commission determines that it is appropriate to initiate a rulemaking proceeding because there is evidence that the current costs of providing PIC-change services have declined significantly from those that formed the basis for the safe harbor, thus raising concerns that the \$5 safe harbor may no longer be reasonable.⁴ The Commission explains that there is evidence that the manual process used for PIC changes in 1985, which was extremely labor intensive and time consuming, has since been automated.⁵ The Commission notes that there is “persuasive evidence” that the automation of the PIC-change process has significantly reduced local exchange carrier (LEC) costs.⁶

II. RURAL LECs STILL PROCESS THE VAST MAJORITY OF PIC-CHANGES ON A MANUAL BASIS AND, IN ALL LIKELIHOOD, WILL CONTINUE TO DO SO FOR THE FORESEEABLE FUTURE.

The Commission’s conclusions do not accurately depict the situation of most rural LECs. Many rural LECs use a totally manual process. Even those rural LECs that have implemented a mechanized PIC-change process must still process a significant number of requests manually. As a result, the PIC-change process employed by rural LECs is still predominantly manual and is not likely to change to any great extent, since many rural LECs cannot justify the large investment associated with automation of the process.

³ See *NPRM* at ¶1.

⁴ See *NPRM* at ¶¶ 8-9.

⁵ *Id.*, citing *MCI Telecommunications Corp. v. U S WEST Communications Inc.*, File Nos. E-97-08, E-97-20 through 24, *Memorandum Opinion and Order*, 15 FCC Rcd 9328 (2000) (*MCI Order*).

⁶ *Id.*

Mechanization also does not guarantee elimination of the manual process in all situations. For example, even if the process is mechanized, all end-user requests typically involve some manual effort. In addition, many of the smaller interexchange carriers that serve rural areas do not themselves have a mechanized interface for transmitting PIC-change requests requiring manual processing.

Since most rural LECs must still process PIC-changes manually, the costs to rural LECs have *not* changed significantly since the safe harbor was implemented. In fact, costs may have increased for some, due to increasing labor costs. Review of the labor rates contained in the NECA F.C.C. Tariff No. 5 annual filings from 1985 through 2001 indicates a 60% increase in tariffed labor rates over that time period.⁷ As demonstrated in the comments filed by Hot Springs Telephone Company, the costs associated with the manual PIC-change process are almost exclusively for labor.⁸

III. CONCLUSION

Despite the Commission's concerns, the costs to rural LECs of providing PIC-change service today are not significantly different than the costs that initially formed the basis for the \$5 safe harbor, due to the absence of significant automation. Therefore, no

⁷ The tariffed labor rate per ½hour for a central office technician was \$14.35 in 1985 and increased to \$23.33 by 2001.

⁸ See Attachment A to Comments of Hot Springs Telephone Company. Based on a six month cost study, Hot Springs Telephone Company estimates that it costs them an average of \$23.65 per PIC change.

change is warranted, and the Commission should retain the \$5 safe harbor proxy for PIC-changes for rural LECs.

Respectfully submitted,

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Certificate of Service

I hereby certify that a copy of the Comments was served this 14th day of June 2002, by electronic delivery and by first-class mail to the persons listed below.

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